Government of Saskatchewan

Annual Report 1989

Forty-fifth Annual Report of the Saskatchewan Liquor Board Superannuation Commission

for the year ended

December 31, 1989

91-05168/

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Regina, Saskatchewan

The Honourable S. Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to submit herewith the forty-fifth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1989, pursuant to the provisions of Section 54 of The Liquor Board Superannuation Act.

Respectfully submitted,

J. E. Gerich
Minister in Charge
Liquor Board
Superannuation Commission

**Saskatchewan
Liquor Board
Superannuation
Commission**

Regina, Saskatchewan

The Honourable J. E. Gerich
Minister in Charge
Liquor Board Superannuation Commission
Regina, Saskatchewan

Sir:

I have the honour to submit herewith the forty-fifth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1989, pursuant to the provisions of Section 54 of The Liquor Board Superannuation Act.

Respectfully submitted,

Brian Smith

Brian L. Smith
Chairman

The Liquor Board Superannuation Commission

Introduction

The Commission, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of The Liquor Board Superannuation Act.

The primary objective of the Commission is to provide superannuation allowances to employees who retire and to the dependents of deceased superannuates and employees, in accordance with the Act.

Contributions and Payments

During the calendar year ended December 31, 1989 employees' contributions to the Liquor Board Superannuation Fund amounted to $301,063. Employer contributions of $1,005,999 were made to the Fund.

Allowances paid during the year to superannuates, and to the spouses and children of deceased superannuates and employees, amounted to $2,200,775.

Retirements and Deaths

Six employees retired during the year:

Normal retirement at age 65	1
Optional retirement after age 60 with no reduction	3
Early retirement option with no reduction	2
Total	6

For further details, see Tables 1 and 2.

During the year two superannuates receiving an allowance died. There were no beneficiaries. (See Tables 3 and 4).

Administration

The Public Employees Benefits Agency, in the Department of Finance, is responsible for the operation, administration and management of the Liquor Board Superannuation Plan.

The Commission extends its appreciation to the diligent staff of the Public Employees Benefits Agency responsible for the day to day administration and accounting requirements of the Liquor Board Superannuation Plan and to employees of the Liquor Board for their co-operation and assistance during the year.

Liquor Board Superannuation Commission

Brian Smith	Chairman
Ted Urness	Member
Wally Fries	Member

Table 1 Allowances Granted to Employees

Name	Position	Effective Date
Employees Retired Having Attained the Age of Retirement — Age 65		
Lawrence, Cory	L.S. Clerk III	June 1, 1989
Employees Retired at Their Option After Age 60 — No Reduction		
Varcoe, Clifford	L.S. Ass't Manager I	January 30, 1989 (Deferred)
Pates, William	L.S. Ass't Manager I	November 26, 1989
McLean, Gordon	L.S. Ass't Manager II	July 19, 1989
Employees Retired Under an Early Retirement Option — No Reduction		
Holzer, Edward	Director, Liq. Licencing Commission	January 1, 1989
Porter, Patricia	Secretary	January 1, 1989

Table 2 Allowances Granted to Employees

Final Monthly Salary	Age	Years of Service	Annual Allowance
Employees Retired Having Attained the Age of Retirement — Age 65			
1. 2,315.98	65	23.70	8,832.48
Employees Retired at Their Option After Age 60 — No Reduction			
1. 2,317.03	60	21.36	13,529.64
2. 2,363.40	63	25.60	14,420.52
3. 2,498.86	60	30.01	17,760.48
***Employees Retired Under an Early Retirement Option — No Reduction**			
1. 5,216.67	49	27.42	27,523.32
2. 2,201.67	55	31.74	19,309.20

*A monthly bridge benefit of $300 is paid to the superannuate until age 65.

Table 3 Allowances Granted to Spouses of Deceased Superannuates

Name of Superannuate	Date of Death	Age at Death
Sexty, Elizabeth	November 5, 1989	73
Zavislake, Kasimierz	December 13, 1988	74

Table 4 Allowances Granted to Spouses of Deceased Superannuates

Annual Allowance at Death	Annual Allowance Payable to Spouse	Effective Date
1. 11,319.96	No Beneficiary	
2. 10,754.88	No Beneficiary	

Saskatchewan
Liquor Board
Superannuation
Commission

Liquor Board Superannuation Fund

Financial Statements

Year Ended December 31, 1989

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Liquor Board Superannuation Fund as at December 31, 1989 and the statements of revenue, expenditure and accumulated fund equity, and receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
April 5, 1990.

G. F. Wendel, C.A.,
A/Provincial Auditor.

Statement 1

Liquor Board Superannuation Fund
Balance Sheet

As at December 31

	1989	1988
Assets		
Cash	$ 102,160	$ 45,847
Accounts receivable		
— Employer's contributions	93,417	68,611
— Employees' contributions	18,716	19,868
— Other	11,653	31,128
Investments (Schedule 1)	11,551,229	11,131,908
Accrued interest	171,681	186,919
	$ 11,948,856	$ 11,484,281
Liabilities and Accumulated Fund Equity		
Accounts payable	$ 6,342	$ 7,226
Fund Equity:		
Accumulated fund equity (Statement 2) (Note 5)	11,942,514	11,477,055
	$ 11,948,856	$ 11,484,281

(See accompanying notes to the financial statements)

Statement 2

Liquor Board Superannuation Fund
Statement of Revenue, Expenditure and Accumulated Fund Equity

Year Ended December 31

	1989	1988
Revenue:		
Contributions from employer (Note 3)	$ 1,005,999	$ 996,920
Interest revenue	1,071,091	1,047,494
Contributions of employees	301,063	298,381
Gain on sale of investments (net)	394,593	63,120
	2,772,746	2,405,915
Expenditure:		
Superannuation allowances	2,200,775	2,117,395
Refunds		
— Contributions	32,633	—
— Interest	14,710	—
Administrative expenses (Note 6)	59,169	29,566
	2,307,287	2,146,961
Excess of revenue over expenditure	465,459	258,954
Accumulated fund equity, beginning of year	11,477,055	11,218,101
Accumulated fund equity, end of year (Statement 1)	$ 11,942,514	$ 11,477,055
Comprised of:		
Employees' accumulated contributions (Note 5)	$ 3,248,346	$ 3,149,954
Unallocated (Note 5)	8,694,168	8,327,101
	$ 11,942,514	$ 11,477,055

(See accompanying notes to the financial statements)

Statement 3

Liquor Board Superannuation Fund
Statement of Receipts and Disbursements

Year Ended December 31

	1989	1988
Receipts:		
Contributions by employees	$ 302,214	$ 307,272
Contributions by employer	981,194	1,024,365
Interest received	1,071,382	1,041,405
Proceeds from maturities and sales of investments	16,599,669	9,253,328
Recovery from Saskatchewan Liquor Board	—	139
Miscellaneous receipts	89	—
	18,954,548	11,626,509
Cash, beginning of year	45,847	65,202
	$ 19,000,395	$ 11,691,711
Disbursements:		
Superannuate allowance payments	$ 2,201,076	$ 2,117,134
Refunds		
— Contributions	32,633	—
— Interest	14,710	—
Investments purchased at cost	16,589,886	9,506,011
Administrative expenses	59,930	22,641
Miscellaneous disbursements	—	78
	18,898,235	11,645,864
Cash, end of year	102,160	45,847
	$ 19,000,395	$ 11,691,711

(See accompanying notes to the financial statements)

Liquor Board Superannuation Fund

Notes to the Financial Statements

Year Ended December 31, 1989

1. Significant Accounting Policies

a) **Basis of Accounting**

The accounts are maintained on an accrual basis of accounting.

b) **Investments**

Investments of the fund are recorded at cost. Discounts and premiums on purchase are amortized on a straight-line basis over the life of the investments.

2. Description of the Fund

The fund was established under The Liquor Board Superannuation Act. Membership is comprised of employees and board members who were enrolled on October 1, 1977, and who did not elect to transfer to the Public Employees (Government Contributory) Superannuation Plan prior to October 1, 1978.

3. Fund Contributions

Member contributions are based on a percentage of salary. The contributions required by the employer are calculated by applying a predetermined rate to the member's contributions.

4. Unfunded Liability

The most recent actuarial valuation of the Saskatchewan Liquor Board Superannuation Plan estimated that on December 31, 1986, the fund has an unfunded liability for past service benefits of $13,650,759. The Saskatchewan Liquor Board is obligated to fund any deficiency to meet the retirement benefits and withdrawals.

5. Accumulated Fund Equity

a) **Unallocated**

This accumulated fund equity represents the balance of all amounts contributed by former members who themselves or whose beneficiaries are receiving allowances, all amounts contributed by the employer and all interest earned and gains or losses realized on sale of fund investments, reduced by allowances paid to superannuates, interest on contributions refunded to members who have resigned and administration costs.

b) **Employee's Accumulated Contributions**

This amount represents the accumulated amounts that have been contributed to the fund by current Board employees or former employees who are not yet in receipt of benefits.

6. Administrative Expenses

In 1988, the Plan entered into an investment management agreement with the Investment Corporation of Saskatchewan (ICS). ICS provides investment management services with respect to the investment management fee. The Plan is a shareholder in ICS along with several other Saskatchewan public sector pension funds and government agencies.

In 1989, the Plan entered into an agreement with Royal Trust to provide custodial services to the Pension Fund for a fee.

The Public Employees Benefits Agency provides the day-to-day administration of the pension plan. Effective April 1, 1988, the expenses associated with administering the plan are paid out of the fund to the Public Employees Benefits Agency Revolving Fund.

Schedule 1

Liquor Board Superannuation Fund
Schedule of Investments

December 31

	1989	1988
Bonds		
Government of Canada	$ 718,388	$ 913,355
Province of Saskatchewan	2,003,708	2,217,918
Other Provincial and Provincially Guaranteed	816,920	809,451
Corporates	2,784,177	3,031,603
	6,323,193	6,972,327
Mortgages		
Metropolitan Trust Company of Canada	304,774	310,841
Shares	4,878,451	2,670,123
Short-Term Investments	44,811	1,178,617
Total Investments	$ 11,551,229	$ 11,131,908

Bonds, Mortgages and Shares had a quoted market value of $11,950,787 on December 31, 1989 (1988 — $10,322,219). Short-Term Investments are valued at cost, which approximates market value.

Schedule 2

Liquor Board Superannuation Fund
Schedule of Investment Transactions

Year Ended December 31, 1989

Bonds and Debentures

Purchased	Maturity Date	Interest Rate	Cost	Par Value
Government of Canada	March 15, 1998	10.75	$ 100,050	$ 100,000
SaskPower	July 6, 1991	10.50	21,645	19,500
Cambridge Shopping Centre	June 1, 2004	7.50	89,000	80,000
Mark Resources Limited	Nov. 30, 2004	8.00	49,200	50,000
Potash Corporation of Saskatchewan	Dec. 1, 1992	10.75	3,400	3,400
			$ 263,295	$ 252,900

Sold or Matured	Maturity Date	Interest Rate	Received	Book Value	Par Value
Government of Canada	Feb. 1, 1993	11.25	$ 309,450	$ 288,908	$ 300,000
Saskatchewan	Dec. 11, 1989	9.00	250,000	245,975	250,000
Canadian Oil Debco	Oct. 31, 2000	11.00	253,750	250,000	250,000
Norcen Energy Res Limited	Dec. 20, 2003	13.25	9,000	9,000	9,000
Norcen Energy Res Limited	Dec. 15, 2006	6.00	161,000	100,000	100,000
Producers Pipeline Limited	June 30, 1995	12.00	20,370	20,370	20,370
Union Gas Limited	Nov. 1, 2002	14.25	11,000	11,000	11,000
			$ 1,014,570	**$ 925,253**	**$ 940,370**

	Par Value
Net Decrease in Bonds and Debentures at Par Value ($940,370 — 252,900)	$ (687,470)
Add: Total as at December 31, 1988 at Par Value	7,218,704
Total Bonds and Debentures (Par Value) December 31, 1989	6,531,234
Less: Unamortized Discounts	208,041
Total Bonds and Debentures (At Amortized Cost) December 31, 1989	6,323,193
Total Bonds and Debentures (At Amortized Cost) December 31, 1988	6,972,327
Net Decrease in Bonds and Debentures at Amortized Cost	$ (649,134)

Insured Mortgages at Cost-Transactions During the Year 1988

	Interest Rate	Purchased	Discount Amortized	Disposed	Net
Metropolitan Trust — Dahlem (Aspen) Holdings	12.25	—	$ 362	$ 5,284	$ (4,922)
— Country Club Estates	10.125	—	1,640	2,785	(1,145)
			$ 2,002	$ 8,069	$ (6,067)

**Corporate Shares at Cost-Transactions
During the Year 1989**

Canadian Equities	Shares	Purchased	Disposed	Net
Air Canada	2,200	$ 29,122	$ —	$ 29,122
Alcan Aluminium	4,700	125,850	—	125,850
Bank of Montreal	4,400	141,186	—	141,186
Bank of Nova Scotia	8,130	60,617	182,161	(121,544)
BCE Inc	1,500	59,318	—	59,318
BC Gas Limited	1,400	21,144	—	21,144
BMO NT Financial	500	8,092	2,125	5,967
BNT Limited	4,100	77,798	29,363	48,435
BP Canada	2,000	—	36,625	(36,625)
Brascan Limited	1,200	33,826	—	33,826
BC Telephones	800	—	11,332	(11,332)
CAE Industries	200	30,235	20,060	10,175
Canadian Imperial Bank of Commerce	3,400	104,679	—	104,679
Canadian Pacific Limited	4,400	47,054	121,275	(74,221)
Canadian Tire Limited	3,500	80,984	—	80,984
Canfor Corporation	1,500	43,588	—	43,588
CM NT Equity	1,200	19,722	—	19,722
Cominco Limited	2,100	59,106	—	59,106
Connaught Biosciences	1,000	27,660	27,660	—
Crownx Inc	1,500	—	18,075	(18,075)
Domtar Limited	1,400	—	21,963	(21,963)
Dylex Limited	1,500	—	26,340	(26,340)
Echo Bay Mines	4,000	—	44,620	(44,620)
Encor Inc	2,500	6,058	6,058	—
Falconbridge Limited	2,000	—	33,750	(33,750)
Falconbridge Gold Corp	200	500	500	—
Hees International Bancorp	600	33,616	10,417	23,199
Hemlo Gold Mines	2,800	44,721	—	44,721
Imasco Limited	200	25,424	16,971	8,453
Imperial Oil Limited	2,100	113,010	—	113,010
Inco Limited	700	25,506	—	25,506
Innopac Inc	2,200	26,256	—	26,256
Interhome Energy	300	—	12,990	(12,990)
Ipsco Inc	2,200	39,666	—	39,666
John Labatt Limited	2,200	54,283	—	54,283
Lac Minerals	4,500	—	33,293	(33,293)
Laidlaw Transportation "B"	1,000	12,637	13,288	(651)
Lonvest Corporation	500	—	12,540	(12,540)
MacLean Hunter	1,700	33,887	9,660	24,227
MacMillan Bloedel	1,200	1,791	13,459	(11,668)
Moore Corporation	400	40,451	10,070	30,381

Canadian Equities *(Continued)*	**Shares**	**Purchased**	**Disposed**	**Net**
National Bank	4,000	$ —	$ 55,255	$ (55,255)
Noranda Inc	3,300	84,750	—	84,750
Norcen Energy Resources Ltd.	2,200	53,558	—	53,558
Northern Telecom Limited	3,400	82,660	—	82,660
Nova Corporation of Alberta	9,900	97,161	—	97,161
Oshawa Group Limited	1,400	43,127	—	43,127
Pagurian Corporation	1,000	—	15,570	(15,570)
Placer Dome Inc	1,445	114,271	56,000	58,271
Power Corporation of Canada	300	43,273	52,605	(9,332)
Power Financial Corporation	3,400	69,823	—	69,823
Royal Bank of Canada	4,100	188,431	—	188,431
RY NT Financial	1,100	27,378	1,850	25,528
Scott's Hospitality	700	32,220	18,223	13,997
Seagrams Company Limited	1,300	120,932	—	120,932
Sears Canada Inc	3,300	45,887	—	45,887
Shell Canada Limited	1,100	—	28,738	(28,738)
Teck Corporation	3,400	75,415	—	75,415
Thomson Corporation	3,000	52,712	—	52,712
TNT Financial Corporation	2,500	10,250	—	10,250
Toronto Dominion Bank	6,200	127,201	—	127,201
Transalta Utilities Corporation	1,500	20,918	—	20,918
Transcanada Pipelines	300	25,440	22,500	2,940
Laidlaw Transportation Preferred	7,500	—	150,000	(150,000)
Total Canadian Equities		2,743,194	1,115,336	1,627,858
Foreign Equities				
Abbott Laboratories	250	16,583	—	16,583
Amerada Hess	380	23,671	7,013	16,658
American Telephone & Telegraph	560	23,987	—	23,987
BankAmerica Corporation	630	20,488	—	20,488
Caterpillar Inc	350	26,639	—	26,639
Chevron Corp	270	17,788	17,788	—

Foreign Equities *(Continued)*	**Shares**	**Purchased**	**Disposed**	**Net**
CMS Energy Corp	420	$ 16,864	$ —	$ 16,864
Coca Cola Limited	110	20,063	12,944	7,119
Columbia Gas System	340	18,821	—	18,821
Commonwealth Edison	250	11,736	—	11,736
Compaq Computer Corporation	220	23,462	—	23,462
Computer Associates International	910	21,485	—	21,485
Cooper Tire & Rubber Company	350	11,618	—	11,618
Delta Airlines	200	16,622	16,622	—
Du Pont E I De Nemours	230	30,720	—	30,720
Gatx Corporation	175	13,484	—	13,484
General Electric Limited	550	45,900	9,837	36,063
General Motors Corporation	620	31,419	—	31,419
Georgia Pac Corporation	350	21,210	—	21,210
Gerber Products	420	22,257	4,280	17,977
Gibson Greetings	380	10,792	—	10,792
GTE Corporation	100	7,908	—	7,908
Long Island Lighting	300	5,575	—	5,575
Lubrizol Corporation	340	17,734	—	17,734
Marion Laboratories	780	24,449	24,449	—
Melville Corporation	470	24,459	—	24,459
Phelps Dodge	300	21,536	—	21,536
Reynolds Metals	400	25,510	—	25,510
Scherling Plough	330	25,818	—	25,818
Texaco Inc	290	17,688	—	17,688
Texaco Inc Preferred	1	353	294	59
TJX Companies	530	16,118	—	16,118
Valley National Corporation	340	11,008	—	11,008
Waban Inc	345	6,862	—	6,862
Waste Management	760	23,070	—	23,070
Total Foreign Equities		673,697	93,227	580,470
Total Equities		$ 3,416,891	$ 1,208,563	$ 2,208,328

Short Term Investments	**Purchased**	**Disposed**	**Net**
Transactions During the Year	$12,909,702	$14,043,508	$ (1,133,806)

Summary of Investment Transactions (At Cost)	
Decrease in Bonds and Debentures at Amortized Cost	$ (649,134)
Decrease in Insured Mortgages	(6,067)
Increase in Corporation Shares	2,208,328
Decrease in Short Term	(1,133,806)
Total Investment Transactions	419,321
Investments, beginning of year (at cost)	11,131,908
Investments, end of year (at cost)	$11,551,229